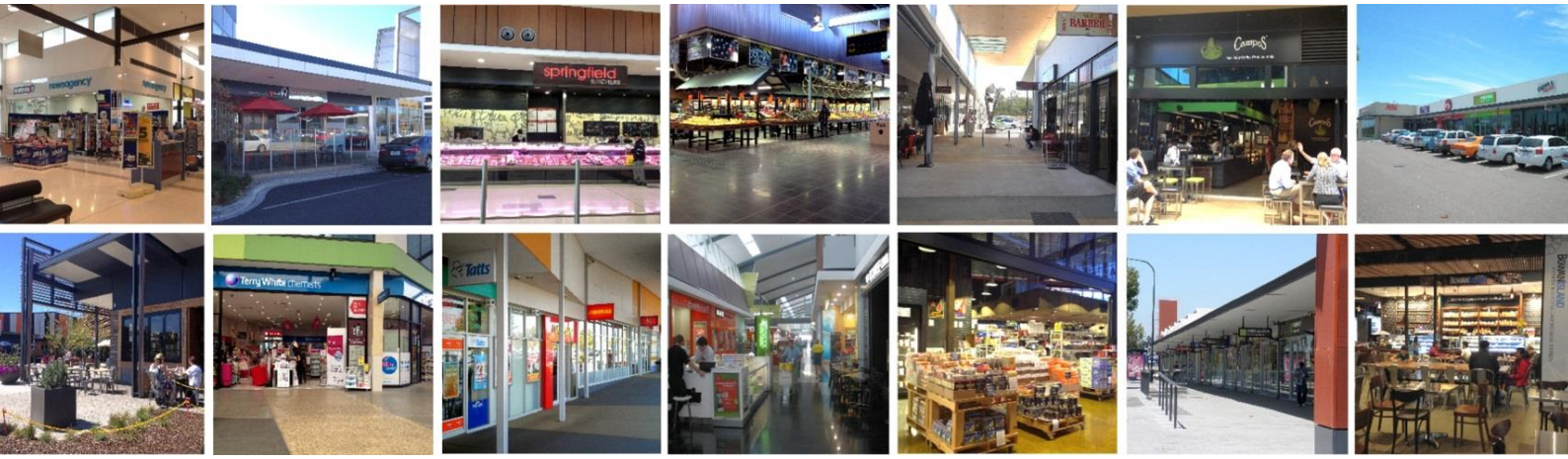
Nightcap on Minjungbul

Economic Need Assessment

September 2020



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Executive Summary

This report has been prepared to assess the economic need conditions related to the proposed Nightcap on Minjungbul development in Tweed Shire. The analysis presented throughout this report demonstrates that there are strong economic need conditions supporting the proposal and that the development will result in positive economic and community impacts.

The key findings and implications presented throughout this report are summarised below.

Proposed development

- The Nightcap on Minjungbul is proposed to be developed as a rural landsharing community with approximately 392 dwellings to be established throughout the 1,500 hectare site. Assuming an average of 2.5 residents per household, the onsite population may eventually be up to 980 people.
- The existing Nightcap village centre zone adjoins the subject site and is expected to accommodate an additional approximate 430 dwellings as well as 1,000sq.m of retail uses.

Strategic planning policies and objectives

- The *North Coast Regional Plan 2016* identifies need for the Region to accommodate an additional 76,200 people and 46,000 dwellings by 2036.
- The additional dwelling target defined in the *North Coast Regional Plan* for the Tweed Shire is 11,600 or an average of 580 new dwellings per annum for the 20 year period. It is noted, however, that this is a minimum additional dwelling requirement and that any shortfall in supply is likely to constrain the ability to achieve the goal and directions outlined in the *North Coast Regional Plan*.
- The *Tweed Rural Villages Strategy 2016* sets out a number of strategic goals related to achieving environmental, social and economic resilience and sustainability and creating new opportunities for rural villages. Nightcap will contribute to these objectives by growing the local population surrounding Uki township as well as supporting the planned development of the Nightcap Village Centre.

- The *Tweed Shire Urban Land Release Strategy* identifies the Nightcap Village Centre as a *Small Village* and indicates intent for this centre to be established by 2031 and support a range of retail and commercial uses. Without the planned population growth within the proposed development, this centre is unlikely to occur.

Residential market conditions

- While the minimum additional dwelling target for Tweed Shire is 580 dwellings, there has been an average of 520 new dwelling approvals per annum over the past five years and of these approvals, it is estimated that an average of 470 new dwellings have been completed per annum. This indicates a significant shortfall on the minimum additional dwelling target.
- Furthermore, the approvals that have occurred over the past several years have largely been concentrated within few locations with the largest concentration occurring in Casuarina. As the remaining capacity within Casuarina is consumed, there is risk that new residential development and growth will decline even more creating a number of risks associated with achieving the North Coast Regional Plan objectives and with local residential market conditions in general (see risk implications below).
- There is an estimated additional capacity of 17,780 dwellings throughout a number of identified future urban growth areas in Tweed Shire. However, this supply is impacted by a number of conditions including 56% of the capacity being controlled by a single entity (Leda Holdings), the majority of capacity is within high value coastal locations and there are a number of known and unknown planning and infrastructure constraints across the sites impacting development potential in the short to medium term.
- While there is theoretically sufficient supply capacity throughout the region to support residential growth objectives and targets for Tweed Shire, this capacity is highly unlikely to be achieved within the short to medium term which means that additional supply capacity (such as the Nightcap on Minjungbul) must be identified in order to replace this capacity and avoid a residential undersupply.

Residential need implications

- The current rate of residential development occurring throughout Tweed Shire is lower than the minimum growth targets outlined in the North Coast Regional Plan. There is significant risk that the current rate of growth and development will further decline as current growth areas (i.e. Casuarina) are depleted.
- There is little to no residential development occurring throughout many of the future urban growth areas identified within Tweed Shire, which means that alternative growth areas are necessary to support ongoing residential and population growth as well as avoid negative residential market conditions.
- The Nightcap on Minjungbul proposal will contribute to residential growth capacity within Tweed Shire which will assist in achieving strategic planning policies and objectives as well as enhance housing affordability, increase residential choice, create price competition and enhance the economic resilience of existing rural communities (i.e. Uki).

Residential risk implications

- If the available residential capacity of Tweed Shire is not increased in the short term, by either new residential proposals such as Nightcap on Minjungbul or by the commencement of planned future urban growth areas, residential choice (including choice in location, product type and price) will be negatively impacted.
- There is a lack of residential price competition for new dwellings in the Tweed market due to there being a constrained total supply of product (in comparison to forecast population growth) and limited diversity in location and therefore price point. This should be addressed through an increase in both supply as well as the location of new dwellings with Nightcap on Minjungbul fulfilling both requirements.
- The impact of an aging population within Tweed Shire is likely to result in an increasing number of people leaving the workforce, a reduction in average household income, a decline in demand for a range of local retail and service facilities and an increase in demand for health and medical services and other age specific services. While these shifts in demand for various employment, facilities and services are typically balanced by growth in other demographic segments of the community, this is reliant on sustained population growth. The lower than targeted growth in Tweed Shire creates risk that this balance will

not be achieved and that some economic sectors will be negatively impacted by a reduction in demand while others will be impacted by constrained labour supply.

- Increasing population growth by increasing supply and creating choice in residential product (including choice in location, product type and price) will help to maintain a more balanced community demographic profile and a more resilient economy for the Tweed Shire.

Socio economic impact implications

- The socio economic impact assessment has been prepared in response to the terms of reference outlined in *Section A13 Socio Economic Impact Assessment* of the Tweed Development Control Plan.
- The social impact assessment presented in this report demonstrates that overall, the proposed rural landshare community is expected to generate a strong net positive social outcome within the region, supporting a range of positive benefits, particularly in terms of community networks and housing supply/diversity/affordability.

Introduction

MacroPlan Dimasi has been commissioned by NCV Enterprises Pty Ltd to produce an economic need assessment for the planned Nightcap on Minjungbul, west of Murwillumbah in the Tweed Shire.

Nightcap on Minjungbul is being proposed as a Rural Landsharing Community. The site comprises approximately 1,500 hectares which will accommodate approximately 392 dwellings on completion. The development will establish a shared community onsite providing residents an alternative residential product within the region.

The scope of this report focuses on assessing whether there is economic need supporting the proposed residential development onsite, taking into consideration the additional supply, enhanced choice and increased affordability that will be created onsite. The potential for impacts on nearby townships will also be assessed from an economic perspective.

The report has been prepared in accordance with instructions received from NCV Enterprises Pty Ltd and is structured and presented as follows:

- **Section 1** reviews the regional and local context of the subject site and provides an overview of the proposed development. This section also reviews the key strategic planning documents of relevance.
- **Section 2** includes a detailed interpretation of the socio-demographic and market context. It incorporates population and dwelling projections for the region, as well as looks at past changes and trends in residential structures and demographic groups.
- **Section 3** provides an assessment of the residential market and supply conditions throughout the study area. This will examine the distribution of future supply by development front and consider the available choice in residential product and other supply related issues such as price/affordability, level of competition, etc.

- **Section 4** provides a summary of economic need implications based on analysis presented throughout previous sections of the report.

- **Section 5** presents a socio economic impact assessment for the proposal, based on those criteria outlined in *Section A13 Socio-Economic Impact Assessment* of the Tweed DCP.

Section 1: Site context and strategic overview

This section of the report reviews the regional and local context of the subject site and provides an overview of the proposed development. This section also reviews the key strategic planning documents of relevance.

1.1 Local and regional context

The subject site is approximately 1,500 hectares and is situated along Kyogle Road, west of Murwillumbah and approximately 8.5km south-east of Uki.

Uki is the most proximate rural township and is approximately 15 minutes' drive from the subject site. The subject site and future residents onsite, are expected to have a close association with the township of Uki. Residents onsite will generate demand that will enhance and support the ongoing operation of local retail and commercial services, community facilities such as schools and sporting clubs, and increase participation in local events.

Murwillumbah is the closest regional township that supports higher order medical and commercial services, and which is approximately a 25 minute drive from the subject site.

Figure 1 illustrates the site area while Figure 2 presents the broader regional context of the site.

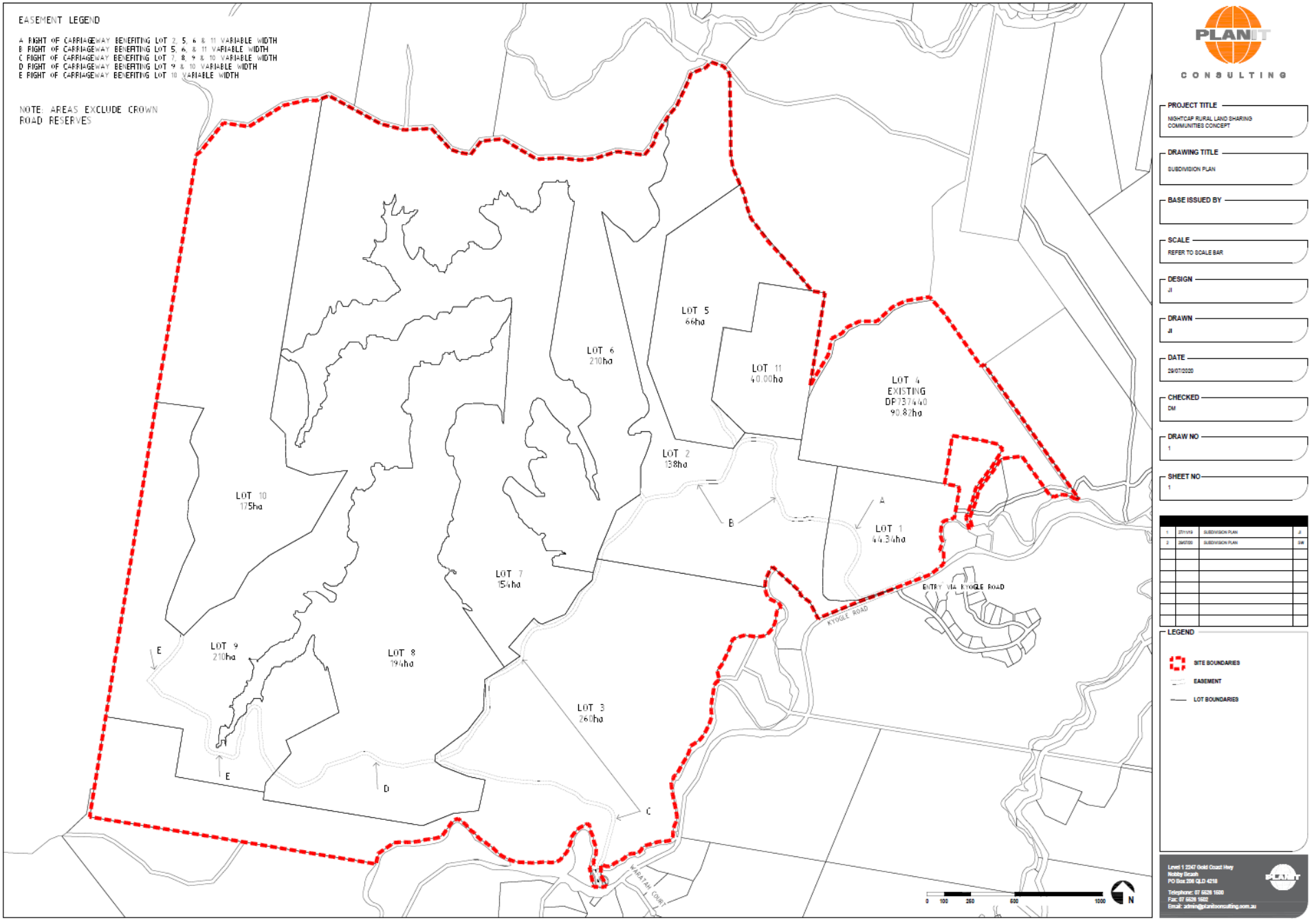

Figure 1: Nightcap on Minjungbul

Site area

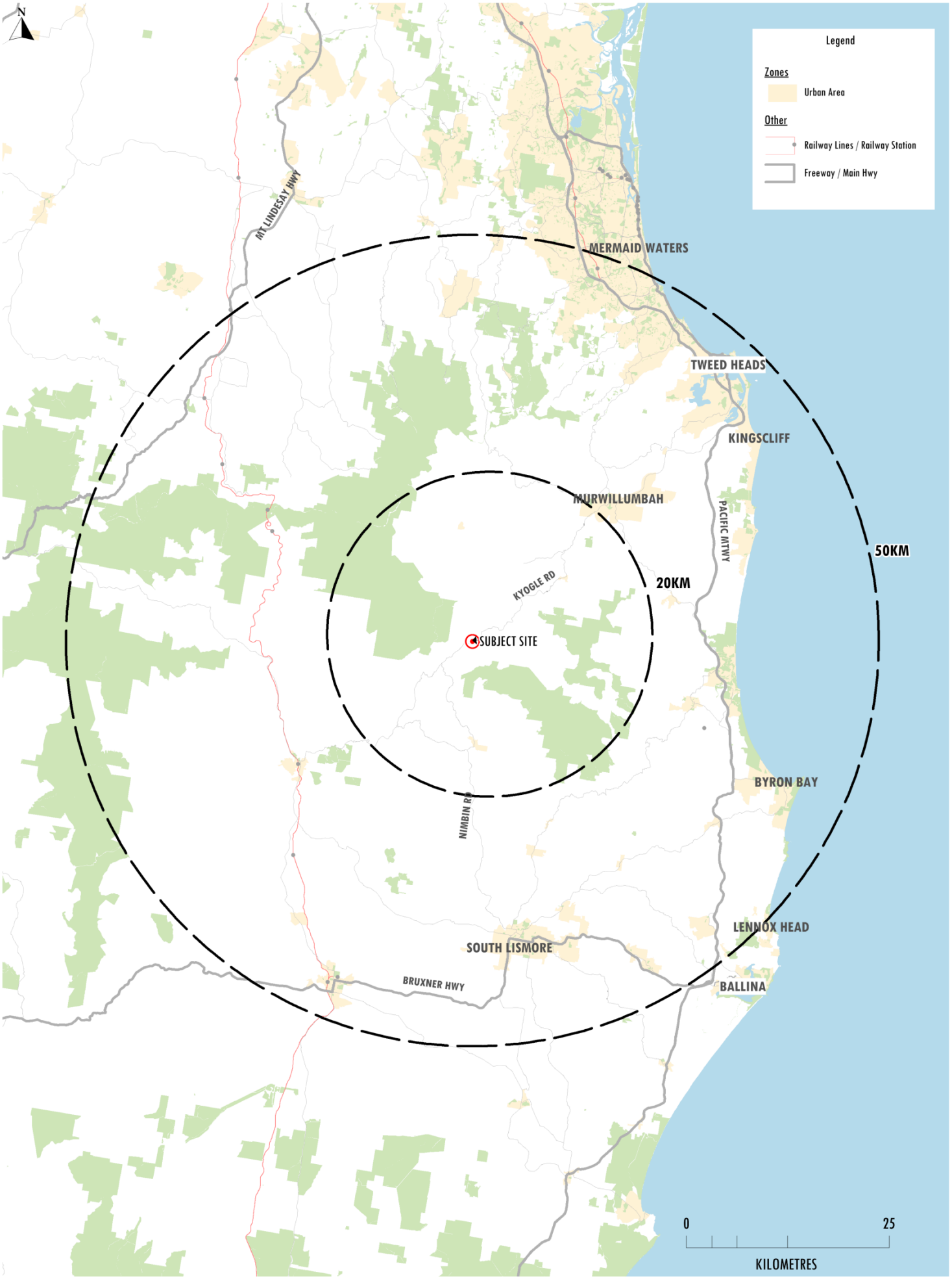

Figure 2: Nightcap on Minjungbul

Regional context

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1.2 Proposed development

The Nightcap on Minjungbul is proposed to be developed as a rural landsharing community with approximately 392 dwellings onsite. Assuming an average of 2.5 residents per household, the onsite population may eventually be up to 980 people.

It is noted that the Nightcap village centre, which is not part of the current application and has been approved through a prior application, is expected to accommodate an additional approximate 430 dwellings as well as 1,000sq.m of retail uses. The potential land uses within this centre zone will be determined by the needs of the growing local community and may include (as permissible uses under the zone code):

- Centre-based child care facilities;
- Commercial premises;
- Community facilities;
- Educational establishments;
- Electricity generating works;
- Function centres;
- Industrial retail outlets;
- Industrial training facilities;
- Industries;
- Information and education facilities;
- Neighbourhood shops;
- Places of public worship;
- Recreation areas;
- Recreation facilities (indoor);
- Recreation facilities (major);
- Recreation facilities (outdoor);
- Registered clubs;
- Residential accommodation;
- Roads; Schools;
- Service stations;

- Sewage treatment plants;
- Tourist and visitor accommodation;
- Veterinary hospitals;

As a rural landsharing community the village is expected to include a range of shared facilities and infrastructure throughout the site area, with residents occupying allocated residential plots within the site.

The average price per plot is currently envisaged as $250,000, with residents responsible for the cost of establishing a dwelling onsite (including approval and construction costs). There is however plans to support a reduction in purchase price by offering subsidies through specific service provision across the site. For example, if someone looking to purchase a dwelling plot onsite was a tradesperson who was willing to provide services to support development within the community, the value of these services would effectively reduce the initial purchase cost of a residential plot.

This subsidised purchase price initiative for residential plots onsite provides strong economic benefit and opportunity by both increasing residential affordability and providing employment for various tradespeople and other workers within the region or looking to migrate to the region.

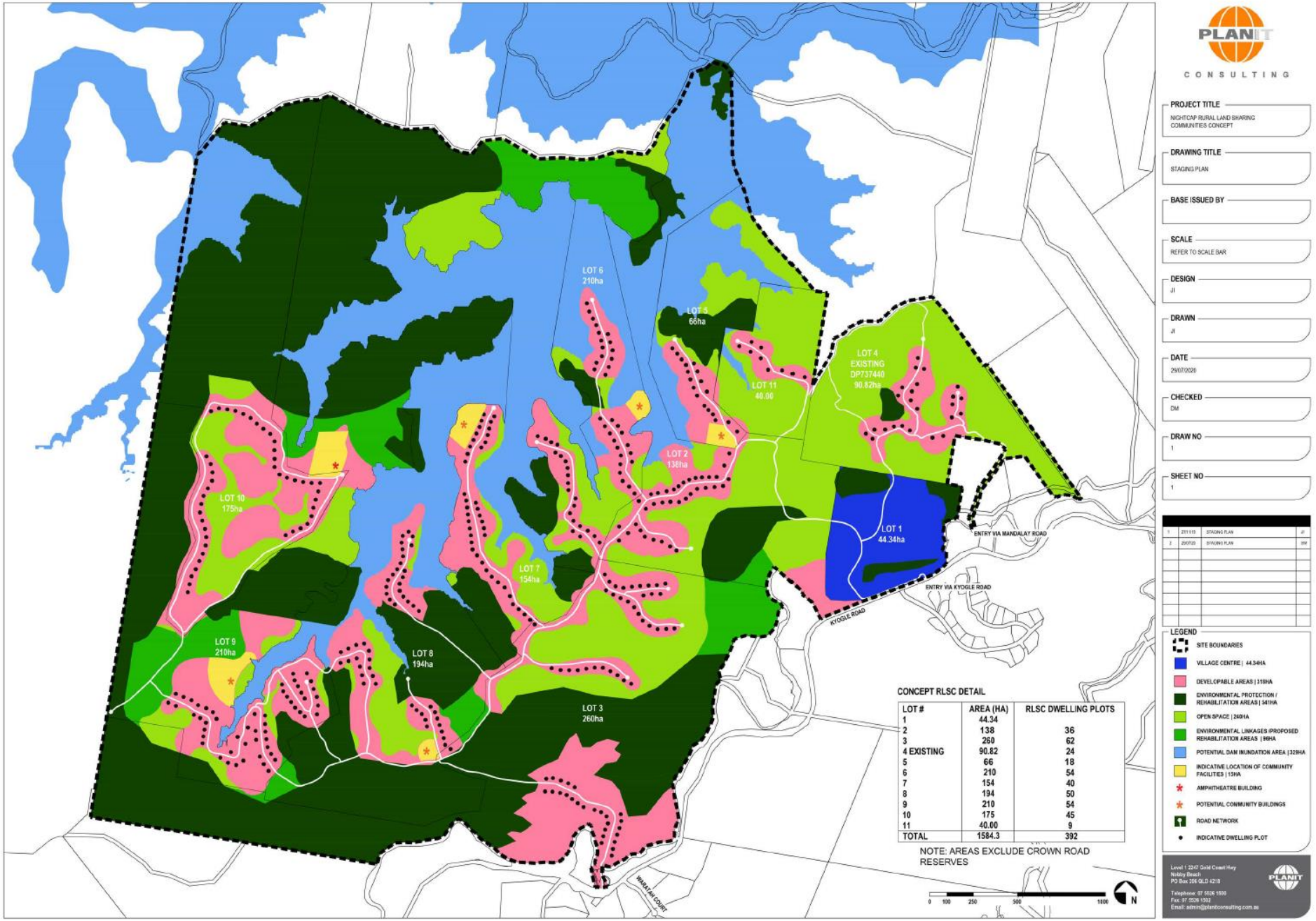


Figure 3: Nightcap on Minjungbul

Vision plan

1.3 Strategic planning context

This section undertakes a review of relevant policy and priorities in relation to managing population growth in Tweed Shire including future residential supply targets, dwelling diversity and increased affordability.

North Coast Regional Plan 2016

The North Coast Regional Plan 2016 is an update of previous Far North Coast Regional Strategy prepared by the NSW State Government. The Plan seeks to provide the strategic policy, planning and decision-making framework to guide the region to sustainable growth over the next 20 years.

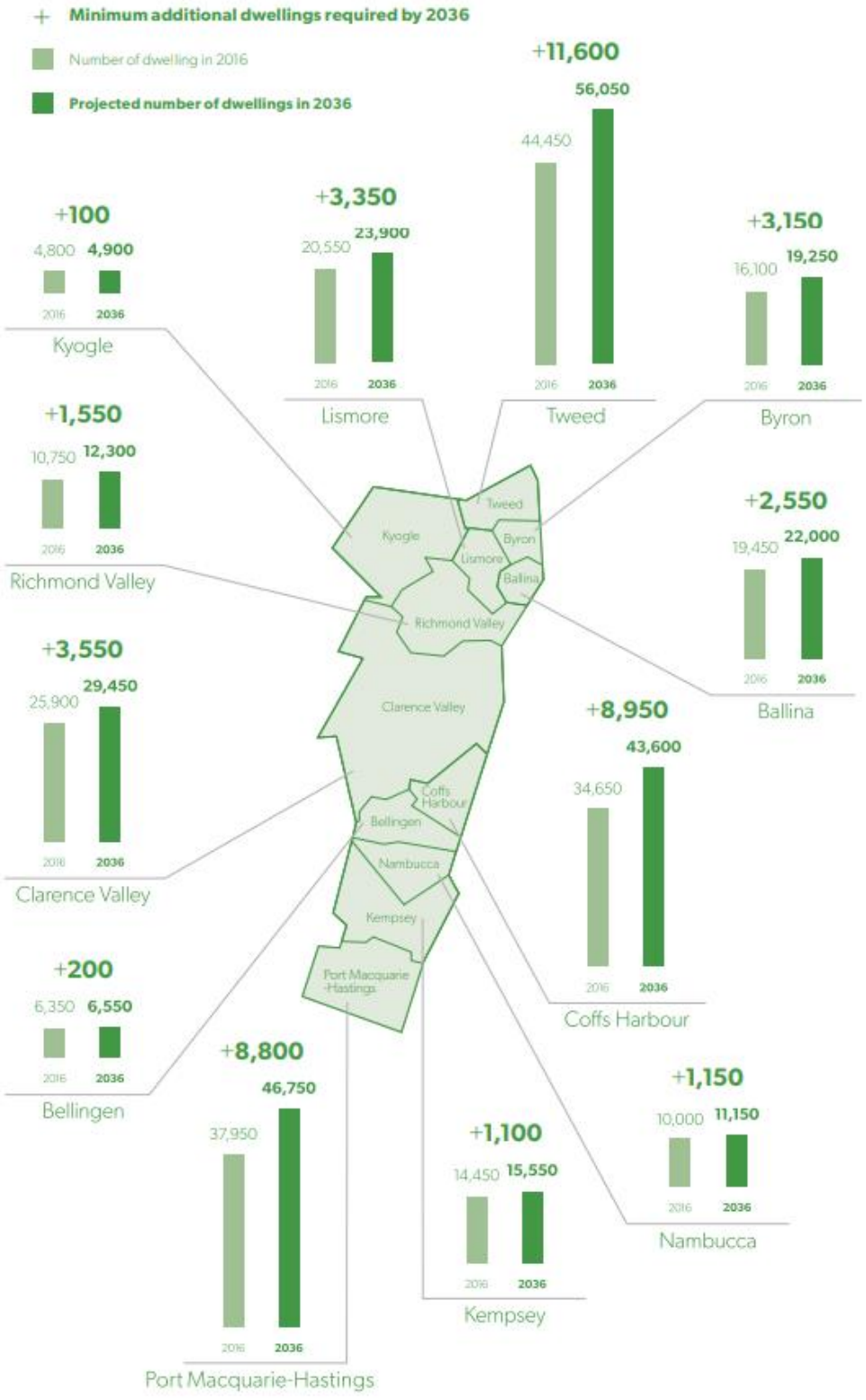
The Plan applies to 13 councils - Tweed, Byron, Ballina, Lismore, Richmond Valley, Kyogle, Clarence Valley, Coffs Harbour, Bellingen, Nambucca, Kempsey, Port Macquarie–Hastings and Greater Taree.

One of the 5 major goals of the strategy (Goal 4) is housing choice, specifically the delivery of homes that meet the needs of changing communities. The directions outlined for this goal include *deliver greater housing supply*, *increase housing diversity and choice*, *deliver well-planned rural residential housing areas* and *deliver more opportunities for affordable housing*.

By 2036, the Plan identifies the need for the Region to accommodate an additional 76,200 people and 46,000 dwellings. In regard to housing mix, the Plan retains the current policy for multi-unit housing to represent 40 per cent of new housing (an additional 18,400 townhouses, villas and residential flats across the region by 2036).

As illustrated in Figure 3, this equates to an additional 11,600, dwellings for the Tweed Shire, or an average of 580 dwellings per annum. It is noted, however, that this is a minimum additional dwelling requirement and that any shortfall in supply is likely to constrain the ability to achieve the goal and directions outlined in the North Coast Regional Plan.

Figure 4. North Coast Regional Plan Dwelling Forecasts by LGA (2036)



Source: NSW Government, Department of Planning; North Coast Regional Plan, 2016

Tweed Rural Villages Strategy

While there are a number of statutory and strategic planning documents specifically relevant to Tweed Region, the most relevant to the subject site and surrounding local area/townships is the Tweed Rural Villages Strategy 2016. This report has been prepared with an aim to achieve the following strategic goals:

1. *Ensure that the future of the rural villages and settlements is based on environmental, social and economic resilience and sustainability.*
2. *Identify initiatives and opportunities based on key assets of the rural villages: their people, culture and nature.*
3. *Provide actions aimed at establishing Tweed's rural villages as creative hubs, known not only for crafts and arts, but also for entrepreneurship.*
4. *Ensure that future development occurring in the rural settlements provides a variety of housing choice for existing and future needs, and is consistent with community's visions and aspirations and is based on principles that strengthen Tweed's role as a proactive, inspirational leader in sustainability.*
5. *Establish a long-term strategic planning framework for the rural villages.*

Future population growth and residential development will have a significant influence on achieving these goals. This relates directly to ensuring that future development provides a variety of housing choice for existing and future needs and indirectly to other goals including ensuring the economic resilience and sustainability of villages and contributing to creative, innovative and entrepreneurial hubs within villages.

The growing residential population throughout the Tweed Shire will require a diversity of new residential product to meet the family/household size, age, financial and other needs of residents. This includes attracting new residents to the region as well as providing the opportunity for existing residents to age in place.

Both resident groups are important as the significant growth in the proportion of residents aged 65+ will likely contribute to a decreasing employment participation rate and demand for key infrastructure such as schools, sporting clubs, etc. As such, there is strong incentive

to attract new residents, such as young families, to the region to maintain an employment base and contribute to maintain key infrastructure, encouraging entrepreneurship, etc.

The subject site is located close to Uki, which is one of the five Rural Villages focused on in the strategy. Strategy 2 (*Enhanced community life*) under *Building on Assets* in the strategy notes the importance of key buildings and facilities such as schools, sports grounds and community halls. For Uki this would include The Uki Public School and the Uki Pythons Football Club. There is risk that without growth, these community assets will be negatively impacted by aging of the existing population as demand and participation rates for these facilities declines. Population growth which attracts a diversity of new residents provides the opportunity to maintain demand and participation in these facilities.

The actions and strategic objectives for Uki specifically include the to *consider provision of a variety of housing choice to facilitate sustainable population of the village*, which aligns with the regionwide objective to support a *variety of housing choice to provide for different demand groups.*

Tweed Shire Urban Land Release Strategy

This plan, released in 2009, was prepared to *guide and manage future urban development within the Shire until at least 2031*. Section 7 of this report outlines future residential growth areas and anticipated dwelling and population yields for these areas, however, this information has largely been updated in more recent reports.

Section 12 of the report addresses the future Urban Centres Hierarchy throughout the region. The Nightcap village centre is identified in the report as one of several *Small Villages*, which are defined as:

> *A Small Village is a cluster of shops for daily shopping. It has more shops than a Neighbourhood Centre but does not have a supermarket. Small villages and other small local centres are serviced with bus stops, schools and small parks.*

The report states that the Nightcap village centre will be established by 2031 and will include a range of retail and commercial uses such as 1-15 shops and services. This centre, while providing a positive outcome for the local community by providing an expanded scale and mix of community amenities, facilities and services, is dependent on the additional demand that will be created by population growth onsite throughout Nightcap. Without this supporting population growth, the identified *Small Village* centre is unlikely to occur.

1.4 Regional Context / Study Area

The study area (i.e. catchment) for this assessment is considered to be the Tweed LGA. This region is considered to be relevant to related and competitive land supply with that proposed at the subject site, as well as applicable residential demand and need conditions.

As outlined in the current North Coast Regional Plan (2016), current planning based on Government dwelling forecast is for the Tweed LGA to be the focus of the majority of development over the period to 2036. Current projections suggest a requirement for an additional 11,600 dwellings or approximately 580 per annum.

These demand conditions as well as planned supply and relevant market conditions will be assessed throughout this report to determine the market gap and economic need conditions supporting the proposed Nightcap on Minjungbul.

Section 2: Socio-Demographic Profile

The Tweed Shire is characterized by a range of coastal and rural townships, including new and developing areas and well established areas. This has created a diverse socio-demographic profile throughout the region.

This section provides a detailed interpretation of the socio-demographic, population and dwelling conditions in the Tweed Shire including forecast population and dwelling growth.

2.1 Existing Demographic and Dwelling Analysis

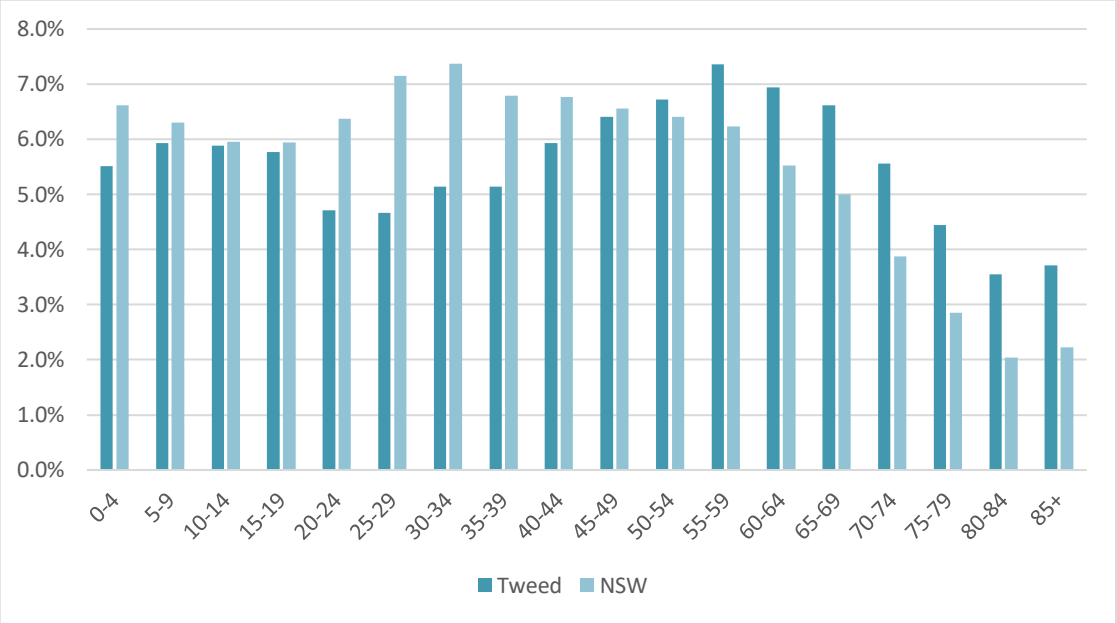
To demonstrate the future requirements of housing, an assessment of age profiles and dwelling structures is a necessary step to determine specific demand attributes of the community including housing group types and dwelling preferences.

Population and Age Profile

The population of the Tweed Shire in 2016, recorded from the Australian Bureau of Statistics (ABS) Household Census, was approximately 91,371 people.

The Tweed LGA is characterised by a relatively old population, with a median age of 47 as at the 2016 Census. As illustrated in Figure 4 over the page, the Tweed Shire has a higher proportion of residents aged 55+ compared to the state of New South Wales (NSW) with 38.2% compared to 27.8%. The median age has been trending upwards for the past ten years, increasing from 44 in 2006.

Figure 5. Population by Age

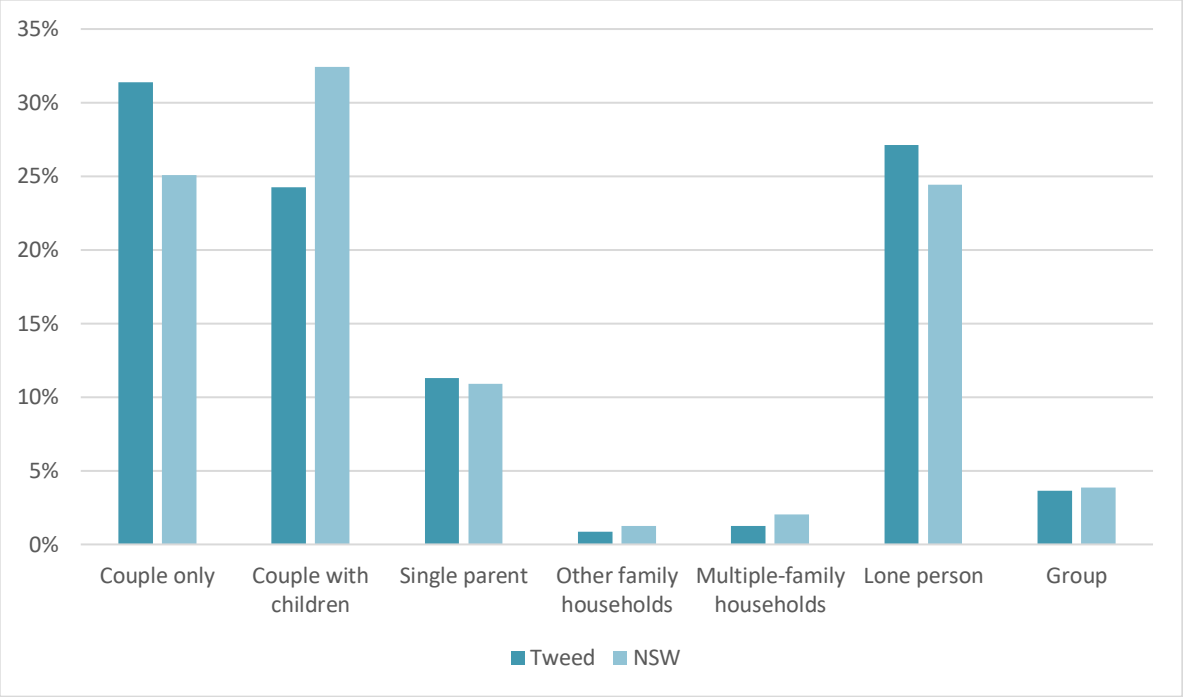


Family and Household Composition

From a household composition perspective, Tweed has a high proportion of couple only and single person households with a lower level of couples with children households. These family and household typology are reflective of the age demographic with a high proportion of older couples and singles aged 55+.

While there is a higher proportion of couples and single person households, the average number of people per household is only slightly lower than those for NSW. The average number of people per household in Tweed in 2016 was 2.4, compared to 2.6 for NSW.

Figure 6. Household Composition

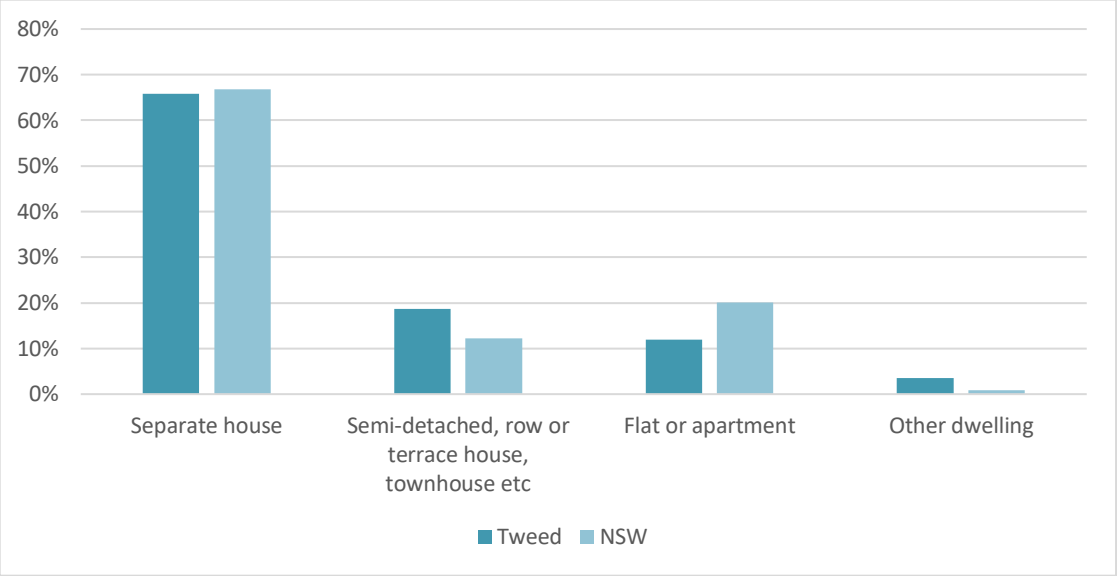


Dwelling Structures

The dwelling structure profile demonstrates a relatively diverse mix of existing dwellings throughout the region. There is some variance from the NSW profile when comparing semi-detached and attached dwellings, with a marginally higher proportion of semi-detached dwellings and a marginally lower proportion of attached dwellings.

Notably, there is also a much higher proportion of 'other dwellings' representing 3.5% of all dwellings in Tweed compared to 0.9% for NSW. This demonstrates a much higher demand profile for alternative accommodation and dwelling types in Tweed, such as that proposed onsite.

Figure 7. Dwelling Structure Profile



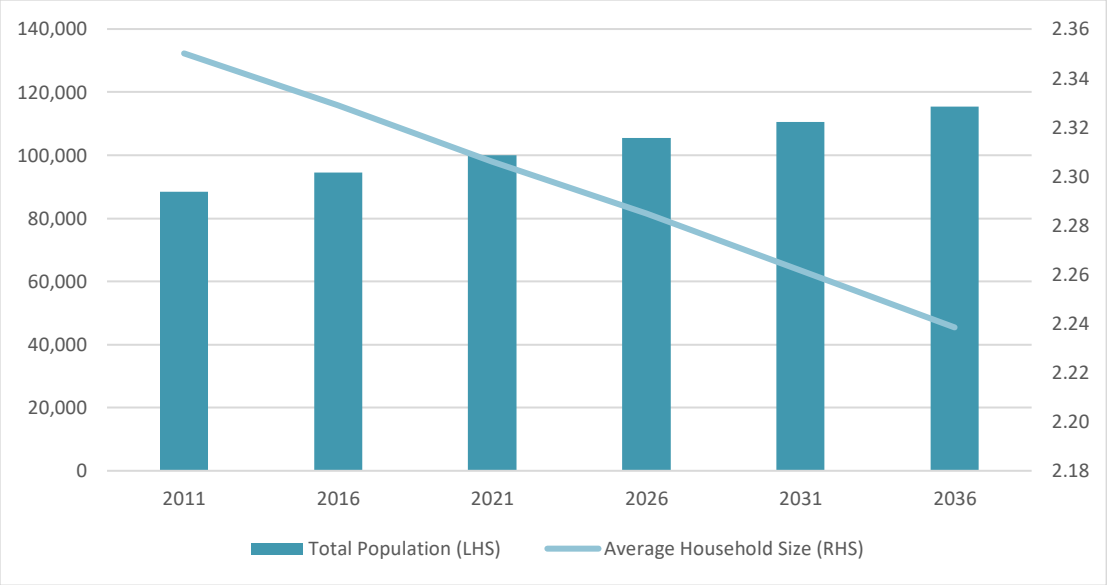
2.2 Forecast Population, Household and Dwellings

According to the North Coast Regional Plan and the NSW Department of Planning and Environments latest 2016 Population and Household Projection, the Tweed Shire population will reach 115,350 people by 2036. This growth is expected to increase the total number of households in the region to 56,050, with a minimum additional dwelling target of 11,600 outlined in the strategy. This equates to an average of 580 additional dwellings per annum.

Over the period from 2016 to 2036, the average household size is expected to decrease significantly from an estimated 2.33 persons per household to 2.24.

The impact will be that the underlying household demand and hence dwellings will increase at a faster rate than the population.

Figure 8. Tweed LGA Population Growth Projection

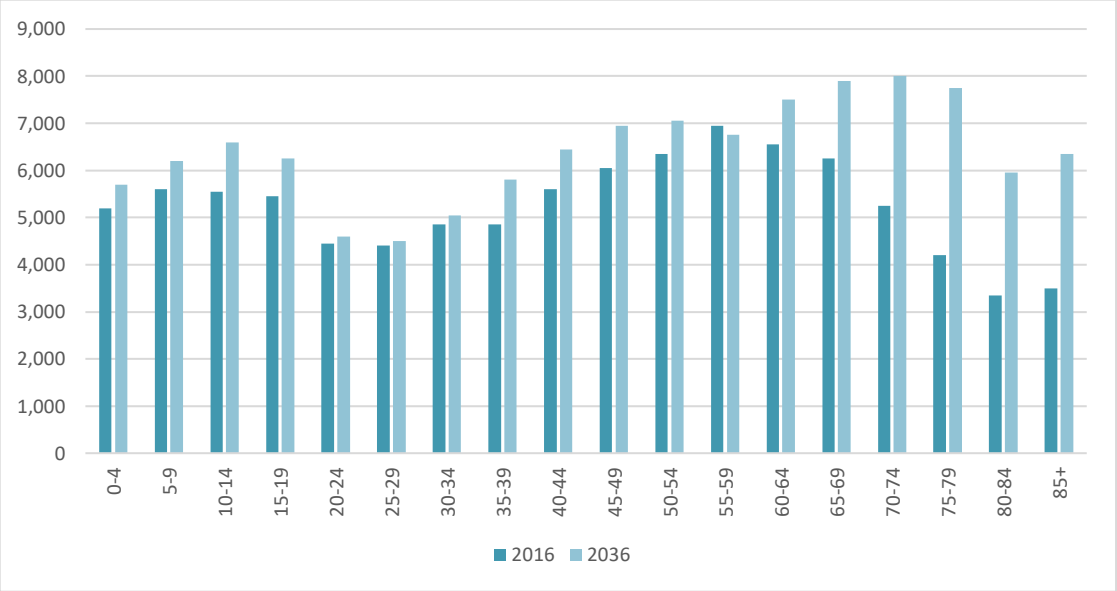


Source: Department of Planning and Environment, 2016 New South Wales State and Local Government Area Population and Household Projections, and Implied Dwelling Requirements

A driving factor of the reduced household size in the region, and nationally, is population aging in Tweed. Population ageing in Australia is a well-recognised demographic change which is projected to have major effects on the future size and composition of the Australian population. As illustrated in Figure 8, the Tweed population itself is projected to undergo significant growth and ageing over the period.

As illustrated, the proportion of the population aged 65+ is expected to increase from 23% in 2016 to almost 31% by 2036.

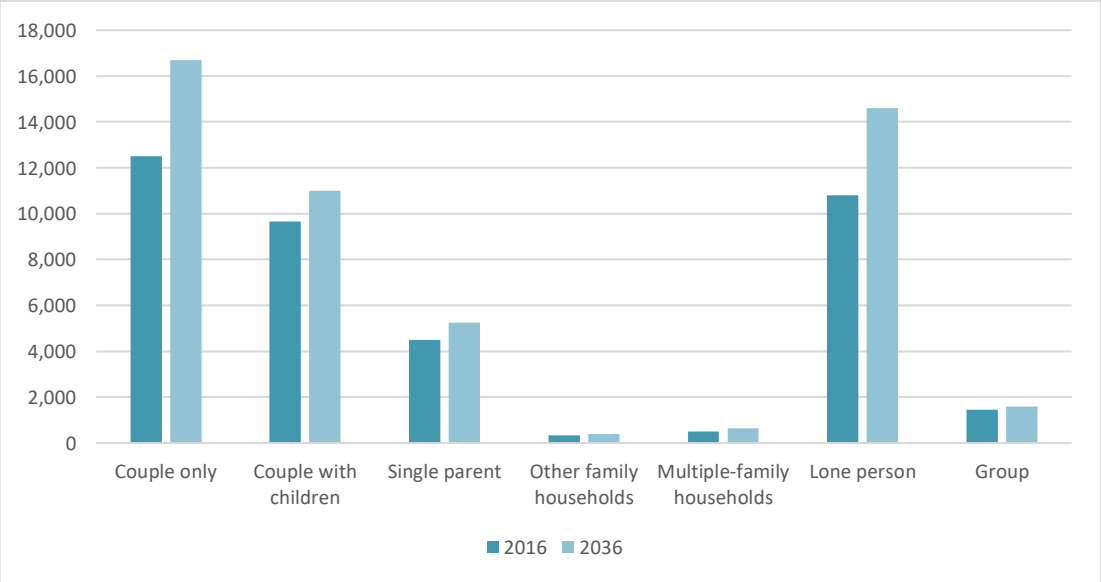
Figure 9. Tweed LGA Population Ageing



Source: Department of Planning and Environment, 2016 New South Wales State and Local Government Area Population and Household Projections, and Implied Dwelling Requirements

In combination with this rapid ageing, by year 2036, the largest forecast increase of household type is expected in couple families without children and lone person households. The compositional change in family structure forecast for the Tweed LGA over the period 2016 to 2036 is shown in Figure 9.

Figure 10. Tweed Forecast Family Structure



Source: Department of Planning and Environment, 2016 New South Wales State and Local Government Area Population and Household Projections, and Implied Dwelling Requirements

The anticipated growth throughout the Tweed LGA will require a significant scale of ongoing residential development as well as a diversity of product types to meet socio-demographic needs. This includes an aging population and reducing household sizes in addition to growth in traditional families with children.

The reduction in household size and related increase in particularly single parent and lone person households will also have an effect on need conditions for affordable housing throughout the region. This increase in single income households will unlikely be able to afford that new residential product being delivered in coastal areas such as Kingscliff and Casuarina and will generate demand and need for affordable alternatives elsewhere in the region.

Section 3: Residential Market and Supply Assessment

This section provides a supply assessment identifying both the scale and diversity of planned future residential supply throughout the Tweed LGA. This will be used to provide comparison against forecast demand conditions to ensure there is sufficient supply in terms of quantity, choice and affordability.

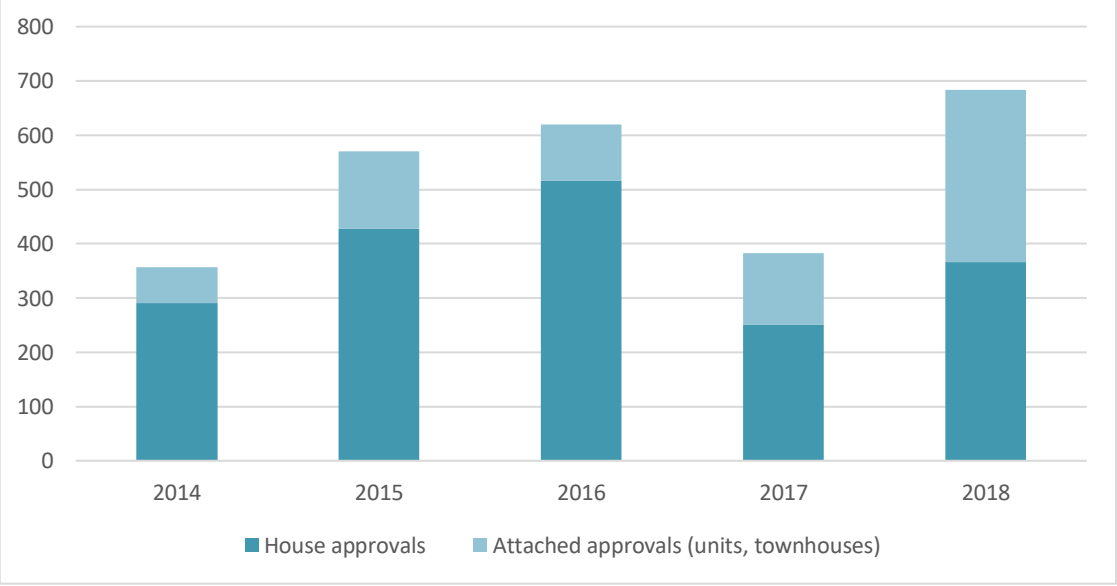
3.1 Residential market overview

Dwelling approvals

As indicated in Section 2, the North Coast Regional Plan indicates a minimum additional dwelling target of 11,600 dwellings in Tweed Shire between 2016 and 2036. This equates to an average of 580 additional dwellings per annum for the 20 year period.

Figure 11 below demonstrates that from 2014 to 2018, Tweed averaged 520 new dwellings approvals per annum. This is marginally less than the Regional Plan targets which are approximately 12% higher than current residential approval volumes.

Figure 11. Tweed dwelling approvals



Source: ABS Cat. 8731.0, MacroPlan

In addition to the dwelling approvals being lower than that required to meet the Regional Plan targets, there are additional issues related to the delivery of these approvals. Analysis of growth in the estimated residential population throughout Tweed Shire indicates that there has been an estimated average of 470 new dwellings established per annum over the past ten years. This demonstrates that not all of the approved dwellings in Tweed Shire are being developed and that residential growth is actually significantly less than the 580 additional dwellings per annum required to achieve the Regional Plan targets.

The *North Coast House and Land Monitor 2019* presents approvals and commencements data for the period 2012-13 to 2016-17. This report reiterates that both approvals and commencements are well below the targeted 580 additional new dwellings per annum with an average of 436 approvals and only 338 commencements per annum over the five year period. This further demonstrates that shortfall in recent new dwelling activity and demonstrates the need for new dwelling activity to accelerate in order to make up this past shortfall.

It is also highlighted that the location of these residential dwelling approvals has been very concentrated, predominantly within the Tweed CBD and the Salt/Casuarina area. This provides very little diversity and choice in residential product type, location and price with new supply predominantly restricted to either a CBD or coastal suburb location.

Also of note is that very few of the approvals that have occurred over the past seven years have occurred within the planned urban growth areas (as indicated in Figure 12 over the page). The scale of approvals that have occurred is minimal and does not reflect the scale of planned residential growth intended for the identified future urban growth areas.

Unless there is a significant increase in approvals in these future growth areas, which is unlikely given the current planning and development status for each of these areas, the remaining capacity at Casuarina will be depleted and future dwelling approvals and residential development activity will decline and growth rates will fall even further away from the targets presented in the Regional Plan and likely cause a significant supply shortage throughout the region.

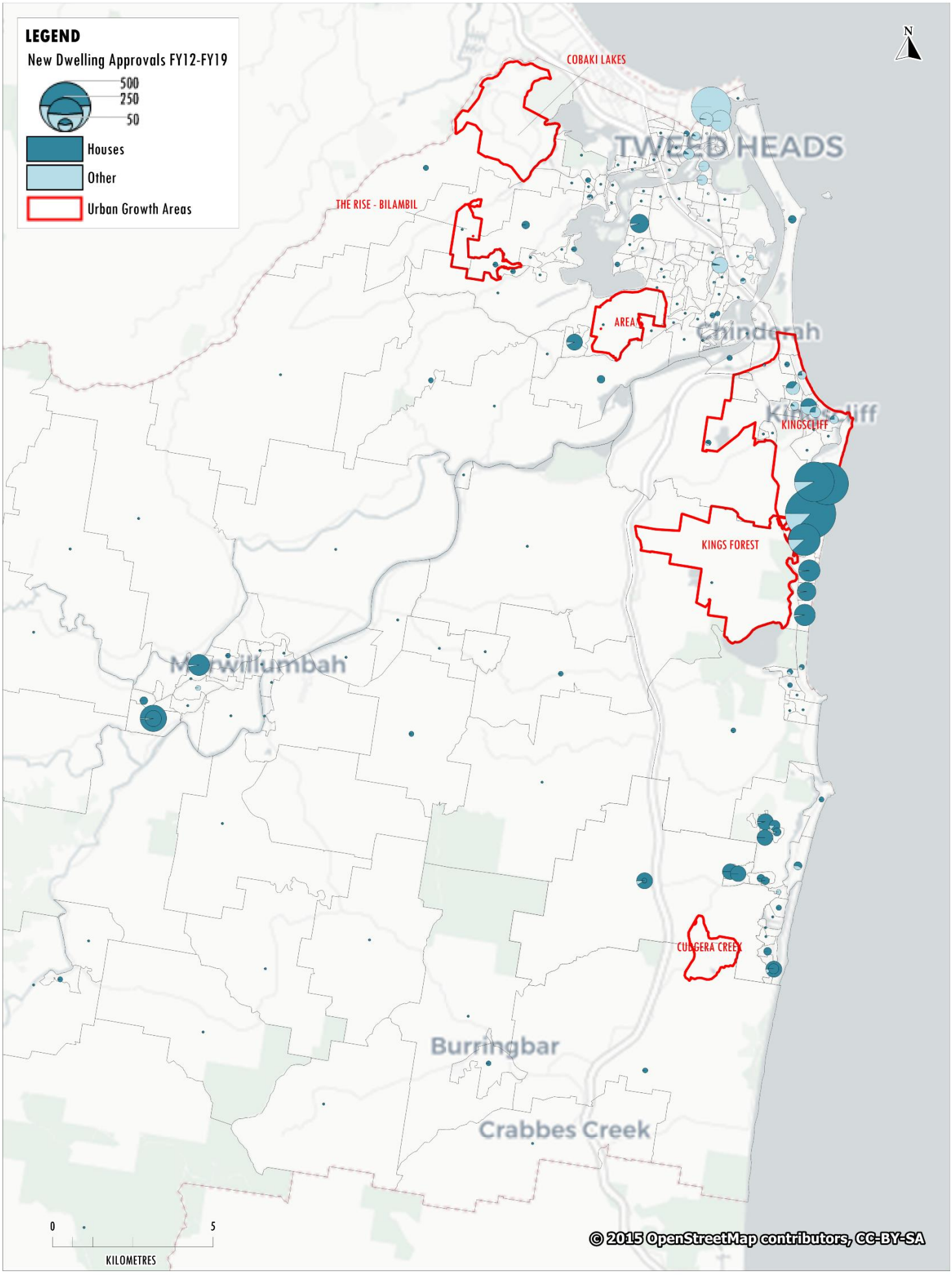


Figure 12: Tweed LGA

New dwelling approvals and urban growth areas

While this demonstrates that additional supply is required to meet the Regional Plan targets, the forecast change in socio-demographic profile for the region demonstrates that this additional supply needs to include alternative and affordable product.

Residential affordability

The North Coast Regional Plan highlights that housing affordability is a key goal and objective when delivering additional housing supply throughout the region. This is a focus because of a lack of affordability throughout much of the region when comparing the cost of housing with household incomes.

Economy.id indicates that for Tweed, the median house price in 2016 was $538,016. By comparison, the median household income in 2016 was $54,912.

One accepted method of measuring and understanding housing affordability is the 'median multiple' method. This provides a comparison of median housing costs as a multiple factor of median household income, with a median multiple of 3.5 of less considered affordable and above 5.1 considered severely unaffordable. Based on the median values for the Tweed in 2016, the median multiple score is 9.8 and well into the severely unaffordable range.

An additional method of assessing housing affordability is identifying those households that are forced to spend more than 30% of total income on housing costs. Based on a mortgage of $430,410 (which assumes the median house price of $538,016 minus a 20% deposit), monthly repayments would be approximately $2,330. For this to equal 30% or less of total household, the monthly income would need to exceed $7,770. In 2016 there were approximately 22,744 households with an income less than this limit, which equated to approximately 65% of all households in the Tweed LGA.

It is acknowledged that not all households with a monthly income less than $7,770 were in housing stress in 2016, with many people owning their home outright, paying off a mortgage of lesser value or renting at a lower cost. To this end, the ABS 2016 Census reports that approximately 7.0% of all households (including those owning their home outright or renting but excluding visitor only and other non-classifiable households) within the Tweed LGA spent

30% or more of their household income on mortgage repayments, which appears to be lower than the State average. This may be because there was a larger share of households who owned their home outright within the Tweed LGA compared to the State average. The 2016 Census also indicates approximately 29.7% of all households (excluding visitor only and other non-classifiable households) owned their homes with a mortgage. This means approximately 23.6% of the households who owned their homes with a mortgage experiencing a level of mortgage stress (i.e. mortgage repayment equal to or greater than 30% of household income), which is higher than the State average when focusing on households owning their homes with a mortgage.

Furthermore, over the past four years since the 2016 Census, the median house price has increased by 24% from the reported $538,016 to $669,000 in 2020. This has well outstripped real wage growth over the same period at 7.8% nationally, putting increasing pressure on housing affordability in region, particularly for first home buyers who have not benefited from the housing uplift over the past few years. This may become a major barrier for first home buyers to enter the market as well.

This demonstrates and highlights the need for future housing to address and improve housing affordability in the region, or else risk negatively impacting on future growth rates from migrating residents as well as reducing the opportunity for young local residents to purchase their first home in the region.

It is also noted that the 30% of median household income test for affordability may need to be examined on a case by case basis with considerations to purchasing price of a property, housing tenure, household income of the purchaser. However, the above assessment does reflect the overall levels of housing affordability relative to median household income within the region.

The recent trends and indicators witnessed for residential approvals and affordability clearly demonstrate that future housing supply must be increased and in locations and product types that can offer choice and affordability.

3.2 Residential supply assessment

The target of 11,600 additional dwellings within the Tweed LGA to 2036 is currently planned to be distributed throughout five urban release areas at Kingscliff, Cobaki, Bilambil, Terranora, and Kings Forest, as well as within the Dunloe Park urban investigation area. This following assesses the estimated capacity within each of these areas and the current and expected development status for each.

Table 1 over the page provides an estimate of the total anticipated dwelling capacity within each identified urban release area (and sub-area) within the Tweed LGA. While this capacity assessment indicates that there is more than the additional dwelling target of 11,600, with a total estimated capacity of 17,780 dwellings, the timing of delivery of this supply will be a significant influencing factor as to whether the additional dwelling target can be achieved.

Much of the planned future capacity is located within large urban growth areas in single ownerships. For example, Leda Holdings control 100% of both Cobaki Lakes and Kings Forest which combined account for 10,000 dwellings or 56% of all future capacity. This concentration of supply, in both location and commercial control, will negatively impact product choice and price competition within the region and potentially limit the opportunity to achieve the intended growth rates for the region as other competitive areas with less capacity (such as Kingscliff) near completion.

The other notable attribute of much of the future capacity throughout Tweed is that it is predominantly coastal, which will naturally attract a price premium which will reduce the potential for affordable product.

In addition, much of land area supporting this future capacity requires rezoning, development approvals, infrastructure planning and commitments and a range of other planning and development processes to proceed before residential construction and growth will commence. These processes will further delay the development of this future capacity which will reduce residential supply, increase the market undersupply and negatively impact conditions affecting the community such as limited choice in product and location and a lack of price competition causing inflated and unaffordable prices.

Table 1. Identified Urban Release Capacity – Tweed Shire

Urban Release Area	Owner/Developer	Total capacity (dwellings)
Kingscliff		
- Turnock Street	Gales Holdings	550
- Kingscliff West	Gales Holdings	260
- North Kingscliff Precinct	Gales Holdings	470
- Kingscliff Business and Knowledge Precinct	Gales Holdings	452
- Kingscoast	Intrapac	242
Cobaki Lakes	Leda Holdings	5,500
Kings Forest	Leda Holdings	4,500
Terranora - release Area E	Various	1,600
Bilambil - The Rise	Terranora Group Management Pty Ltd	1,604
Dunloe Park	Pottsville Development Corporation and Ramtech Pty Ltd	2,600
TOTAL		**17,778**

The following provides a review of the status and attributes for each of the future urban growth areas in Tweed.

Kingscliff

The latest Kingscliff Locality Plan (KLP) and the Development Control Plan (DCP) have identified capacity for up to 1,974 additional dwellings over the next thirty years, including 433 low density and 1,541 medium density dwellings. The majority of the identified land in Kingscliff is held by Gales Holdings, with the exception of Kingcoast which is owned by Intrapac and that is currently selling.

While the majority of this land is currently zoned for residential, the Kingscliff Business and Knowledge Precinct is zoned as Special Use Sewerage Treatment / Turf Farm under the current planning scheme. The potential for this area to be developed, at least prior to 2036, is in doubt. This could reduce the overall yield by approximately 450 dwellings.

The masterplan produced by Gales Kingscliff is yet to be submitted and will require approval and endorsement by Council and the Department of Planning, Industry and Environment for

development to proceed across this site. The time for this overall process to occur is unknown but it will impact the likelihood of residential development occurring onsite in the short term.

Terranora - release Area E

Terranora release area E is expected to accommodate approximately 1,600 dwellings including 93% low density dwellings and 7% medium density dwellings. Altitude Aspire (Metricon) is an active development located within this urban release area, with stage 4 of the development currently being marketed. The development will yield an estimated total of 280 allotments, of which 86 lots have sold to date.

The Rise – Bilambil Heights

The Rise has an approved concept plan for a mix of residential, commercial, retail, tourism, educational facilities and is to comprise 1,600 residential dwellings and a nursing home with 200 beds. It will also include a number of retail/commercial spaces and extensive community facilities including a supermarket, childcare facilities and restaurants. Timing for this development is currently unknown and it is understood that the site is currently being marketed for sale.

Cobaki Lakes and Kings Forest

The majority of the identified urban growth within the Tweed LGA (Cobaki and Kings Forest) is held by a single owner, Leda Holdings. Both projects have concept plan approvals but have yet to commence. Under this monopolistic scenario the developer may be incentivised to restrict supply to influence pricing. As a result, the delivery of these projects may extend beyond 2036 if Leda chooses to restrict supply to reduce price competition between its own developments. Kings Forest currently has a presales website and there is potential that sales and development may occur onsite within the next few years however development has been delayed for several years and may continue to be delayed at the developer's discretion.

Dunloe Park

Dunloe Park is a 169ha identified urban release area jointly owned by Pottsville Development Corporation (PDC) and Ramtech Pty Ltd. Current early plans for the area indicate capacity for between 1,800 and 2,600 dwellings, housing up to 6,000 people. The development is planned

to be staged over a 20 year timeframe with up to 1,000 homes estimated to be completed by 2036. However, it is recognised that to date there has been no master planning, rezoning or infrastructure planning for the site and the timing and likelihood of this area being developed is unknown.

On the basis of this review of future urban release areas, it is unlikely that the extent of planned residential capacity will be developed by 2036. Some projects area currently planned to be delivered over a longer timeframe, while some are currently impacted by competing land uses and constraints and others are likely to have extended development timeframes to maximise commercial returns. This uncertainty in the delivering of future supply creates incentive for additional capacity so as to ensure there is an appropriate volume of supply in the pipeline as well as a reasonable level of choice and price competition in the market.

New house and land sales

An assessment of current prices for vacant land and new house and land packages has been completed for those urban release areas that being actively marketed. A summary of current price ranges is presented below:

Vacant land sales:

- Altitude Aspire: $295,000 to $420,000 (median = $360,000)
- Kingscoast: $345,000 to $480,000 (median = $469,000)
- Scenic Ridge: $310,000 to $595,000 (median = $519,500)
- Latitude: $325,000 to $475,000 (median = $375,000)
- Fraser Cove: $360,000 to $399,000 (median = $365,000)

House and land packages:

- Altitude Aspire: $695,890 to $1,057,500
- Kingscoast: $733,500 to $831,000
- Scenic Ridge: $689,500 to $1,028,000
- Fraser Cove: $595,850 to $634,850

As indicated, all new residential product in Tweed is priced well above the region's median house price of $538,016, which has been demonstrated as being unaffordable for the majority of the Tweed population. These prices are reflective of the coastal location and/or outlook that most active developments have, and therefore attract a price premium which do not provide affordable housing options for existing local residents, particularly first home buyers.

Further, at an average price per plot at $250,000, the proposed lots at Nightcap on Minjungbul would be 30% cheaper than the median land price at Altitude Aspire ($360,000), which is currently the lowest priced estate in the region. Overall, expected sales prices for land at Nightcap will be significantly less than any other current land development in Tweed Shire and will therefore enhance residential affordability in the region.

In order to increase the potential for more affordable residential supply, alternative locations and/or alternative product needs to be considered. This will require urban and/or rural growth outside of those coastal townships to create a lower price point that is more affordable and obtainable for existing residents in the region.

Section 4: Residential Need Assessment

This report has assessed the various strategic planning and residential market conditions that determine the level of economic need for the proposed Nightcap on Minjungbul in Tweed Shire. On the basis of the analysis presented throughout this report there is considered strong economic need supporting the approval of the proposed development.

The following summarise the key economic implications that demonstrate and support economic need for the Nightcap on Minjungbul.

4.1 Residential need implications

Alignment with strategic planning objectives

The proposed development will support specific objectives and goals outlined in the North Coast Regional Plan and Tweed Rural Villages Strategy. Specifically, Nightcap on Minjungbul will contribute to a greater diversity and choice in housing supply as well as offer affordable housing. Housing choice is a strong initiative of the Regional Plan which is not being addressed by current new product in the market which is extremely unaffordable based on local household incomes.

It will also grow the residential population and improve demographic diversity which is needed to support the resilience of key community assets and infrastructure. Without this growth, in terms of population and demographic diversity, there is risk that the ongoing trend in aging population will negatively impact utilisation for facilities such as the Uki Public School.

Affordable housing

Nightcap on Minjungbul is planned to offer residential plots for $250,000 (land only instead of house and land package), which is $50,000 less than the cheapest vacant block of land and $125,000 less than the median vacant land price in those new residential estates within Tweed that currently have product available, with the current vacant residential land sales on the market ranging from $295,000 to $595,000 in those new estates.

Over the next several years it is likely that the vacant land price in new residential developments, such as Kings Forest, Cobaki and Dunloe Park will be even higher than current market prices. This is due to these communities, which represent the majority of future residential capacity, all have coastal locations and will demand a premium price for this attribute. In addition, these developments are held in limited ownership which will reduce competition in the market.

Based on current prices in these coastal locations and anticipated pricing for these future developments, these communities are unlikely to offer affordable product and are expected to predominantly target buyers from outside the Tweed region, such as migrants from Sydney, Brisbane, etc.

The existing residential market in Tweed is classified as severely unaffordable based on a comparison of median market values and household incomes. This has a very negative impact on specific sub-groups within the community such as first home buyers and young families experiencing increasing living costs who can be forced out of their local community due to a lack of affordability. This indicates there should be a focus on improving affordability through the provision of future residential supply.

Whilst land costs account for a significant proportion of overall housing costs, Nightcap on Minjungbul will provide the cheapest residential land compared to current offerings in the Tweed market and therefore contribute to reducing overall housing costs. The provision of residential land at a lower price point at Nightcap on Minjungbul will give future purchasers and landowners significant flexibility in choosing and building their houses that are affordable. Build costs are affected by a range of factors including size and style of house, quality of finish and other factors. The residential plots planned onsite will provide increased land opportunity and housing options to the Tweed residential market at a lower cost than the current market prices and help improve relative affordability within the region.

Nightcap on Minjungbul provides the opportunity to introduce what would be the most affordable new residential product in the Tweed Shire (based on current market). Given the

current situation of severe residential unaffordability in Tweed, there is very strong economic need supporting the affordability offered by Nightcap on Minjungbul.

Impacts on existing townships

Nightcap on Minjungbul is expected to accommodate up to 980 people on completion. The impact of this population growth is expected to be positive as it will contribute additional demand to existing retail and commercial services within townships such as Uki and Murwillumbah. While these residents will also generate demand for community services and facilities, this is also considered a positive impact as it will potential counteract any reduction in demand that could be associated with a local aging population.

Conclusion

In conclusion, it is anticipated that the Nightcap on Minjungbul will offer a residential product that will make a positive contribution towards housing diversity, housing choice and housing affordability. The contribution to increasing residential affordability in the region is of particular economic significance given the current lack of affordability in the market.

The development is not expected to negatively impact on existing townships in the region with the additional population onsite expected to generate demand supporting a range of existing retail, commercial and community services.

On this basis, there is considered strong economic need supporting the development of the proposed Nightcap on Minjungbul.

4.2 Residential risk considerations

In addition to highlighting the residential need conditions supporting the proposed Nightcap on Minjungbul, the risks of not increasing residential land supply should also be highlighted given current market conditions. The key market risks and associated potential impacts are outlined below.

Lack of choice

As illustrated in Figure 12, recent residential approval and development activity has largely been constrained to the Tweed CBD and the Casuarina area. This provides very limited choice in location, product type and price with almost all new dwellings being delivered in either the CBD or a coastal suburb which in turn means units or small lot product that is generally expensive for many people and families. This lack of choice creates risk for population growth which will be negatively impacted as a range of socio demographic groups are effectively shut out of the market.

Lack of price competition

There is a lack of residential price competition for new dwellings in the Tweed market due to there being a constrained total supply of product (in comparison to forecast population growth) and limited diversity in location and therefore price point. As the remaining capacity at Casuarina is consumed, the supply of new dwellings will be further reduced as will price competition. This lack of price competition can cause price inflation within the market which can then negatively impact the community by reducing affordability and population growth.

Impact of reduced residential and population growth

The Tweed region, like most regions in Australia, is experiencing an aging of its population. As a result, there are a number of changes happening within the community including an increasing number of people leaving the workforce, a reduction in average household income, a decline in demand for a range of local retail and service facilities and an increase in demand for health and medical services and other age specific services.

These shifts in demand for various employment, facilities and services are typically balanced by growth in other demographic segments of the community. However, if population growth is constrained there is risk that this balance will not occur and that some economic sectors will be impacted by a reduction in demand while others will be impacted by a constrained labour supply.

Increasing population growth by increasing supply and creating choice in residential product (including choice in location, product type and price) will help to maintain a more balanced community demographic profile and a more resilient economy for the Tweed Shire.

Misalignment with planning policies

Without identifying and supporting new residential developments that have the capacity to increase housing supply, choice and price competition in the short to medium term, there is risk that population growth will be significantly less than the targets set by both the Tweed Urban Release Strategy and the North Coast Regional Plan.

Section 5: Socio Economic Impact Assessment

The following socio economic impact assessment has been prepared in response to the terms of reference outlined in *Section A13 Socio Economic Impact Assessment* of the Tweed Development Control Plan. This assessment specifically focuses on assessing and evaluating the social and economic impacts associated with the proposed development, with reference to those residential and social market attributes and need conditions highlighted throughout other sections of this report.

The proposed development is categorised as a 'residential subdivision' based on Council's assessment terms of reference. As such, the socio economic impact assessment has considered the impacts across the following categories:

- Community networks
- Public Realm
- Housing
- Human Services
- Access

Each of these categories have been assessed below with an evaluation and summary of impacts provided in Table 2 following.

Community networks

As a rural landshare community, Nightcap will establish a cohesive and collaborative community that is consistent with and typical of many existing landshare communities throughout New South Wales. This is supported through shared land areas, shared community infrastructure and facilities and regular social gatherings, meetings and working groups.

The community will also offer alternative residential product that will enhance residential affordability and choice within the region. The community therefore provides the opportunity for both an improved community/social network as well as improved residential affordability for disadvantaged residents.

Overall, the proposed development is expected to generate strong positive benefits in terms of the criteria outlined for 'community networks'.

Public realm

Due to the nature of the proposed rural landshare community, there is expected to be limited effect on 'public realm' impacts, based on the criteria outlined in *Section A13* terms of reference. There is potential for some positive impacts associated with enhancing public places and open space by the establishment of the Nightcap village centre as well as the increased local population (and residential rates base) supporting the use and maintenance of existing public places and open space.

Housing

The housing market needs and benefits associated with the proposed rural landshare community are assessed throughout the previous sections of this report. These include increasing overall housing supply, enhancing the affordability of housing supply, enhancing the choice in housing product, and is expected to enhance the social diversity throughout the local area.

Overall, the proposed development is expected to generate strong positive benefits in terms of the criteria outlined for 'housing'.

Human services

The proposed rural landshare community is expected to deliver a village centre in the future, in line with community needs. There is potential for this to include a range of services including child care, health and education services. Other human services that typically provide a district role and function are expected to continue to be provided in higher order centres/townships such as Murwillumbah.

In terms of demand, the additional population onsite will naturally increase demand for a range of usual human services. It is uncertain as to whether there will be demand generated

for specialised human services at this early planning stage, though any additional services that may be required have the opportunity to establish within the Nightcap village centre.

The planned village centre is likely to increase the supply and choice of retail facilities in time, however the additional demand for both retail and recreation/leisure facilities is likely to also support and encourage additional supply of these facilities throughout the surrounding local area.

The rural land sharing schedule states the following as an objective for the land use; *without creating a demand for the unreasonable or uneconomic provision of public amenities or services.* The planned rural land share village is expected to support and enhance the provision of local public amenities and services. The increase in public amenity and service needs relevant to those amenities and services located in Murwillumbah will be marginal and are not considered unreasonable or uneconomic.

Overall, the proposed development is expected to generate positive benefits in terms of the criteria outlined for 'human services'.

Access

Access to local facilities and services will be improved by the establishment of the planned village centre onsite. The scale, mix and timing of these facilities and services will be determined by future detailed needs assessments to ensure that facilities and services are provided when required.

Additional local services and facilities will be provided in Uki, which is situated approximately 8.5km north-east of the subject site.

The development will not impact access conditions for the existing community to facilities and services, and while the location of the subject site will limit the walkability for residents onsite accessing services and facilities located in Murwillumbah, this is consistent with the existing pattern of rural residential areas surrounding Uki.

In addition, there is an existing bus service along Kyogle Road and past the subject site that provides public transport access to Uki. There is potential for this existing public transport to serve the access needs of residents onsite.

Overall, the proposed development is expected to generate limited change in terms of the criteria outlined for 'access'.

The effect of these social impacts are summarised in Table 2 over the page based on the criteria outlined in *Section A13 Socio Economic Impact Assessment* of the Tweed Development Control Plan.

Table 2. Socio Impact Assessment – Nightcap Rural Landshare

Impact	Criteria	Effect			
		Positive	Uncertain /Neutral	Negative	Net Total
Community networks	- Provides or reduces facilities or opportunities for social interaction	+1	-	-	+1
	- Improves or reduces community identity and cohesion	+1	-	-	+1
	- Improves or reduces existing residential amenity	-	0	-	0
	- Creates or removes physical barriers between homes and community facilities	-	0	-	0
	- Impacts on disadvantaged social groups	+1	-	-	+1
	- Benefits or displaces disadvantaged groups	+1	-	-	+1
	- Consolidates or dislocates existing social or cultural networks	-	0	-	0
Public Realm	- Safeguards or threatens heritage sites or buildings, or archaeological sites	-	0	-	0
	- Makes available/enhances or detrimental to public places/open space	-	0	-	0
	- Provides or displaces public facilities	-	0	-	0
	- Avoids or exhibits overdevelopment/large scale buildings	-	0	-	0
	- Significant positive or negative public response in submissions/ meetings	-	0	-	0
Housing	- Increases or decreases housing stock	+1	-	-	+1
	- Increases or decreases stock of low income housing, or its affordability	+1	-	-	+1
	- Increases or decreases housing rental averages	-	0	-	0
	- Increases or decreases choice in housing	+1	-	-	+1

	- Increases or decreases provision of special needs housing	-	-	-	-
	- Increases or decreases the social mix of residents in the area	+1	-	-	+1
Human Services	- Increases or decreases supply of:				
	○ community support/welfare services	-	0	-	0
	○ child care, health or educational services	+1	-	-	+1
	○ special services for high need/ disadvantaged groups	-	0	-	0
	- Decreases or increases demand for:				
	○ community support/welfare services	-	-	-1	-1
	○ child care, health or educational services	-	-	-1	-1
	○ special services for high need/disadvantaged groups	-	-	-1	-1
	- Increases or decreases in the choice of local shopping facilities	+1	-	-	+1
	- Increases or decreases local recreation or leisure facilities	+1	-	-	+1
Access	- Decreases or increases distance from homes to local community facilities and services	-	0	-	0
	- Improves or reduces public transport services or access to such services	-	0	-	0
	- Improves or reduces disabled access to local facilities	-	0	-	0
	- Improves or reduces access by cycle to local facilities	-	0	-	0
	- Improves or reduces pedestrian access to local facilities	-	0	-	0

The social impact assessment presented above indicates the following evaluation of effects for each of the assessment categories and for overall impacts:

- Community networks: +4
- Public Realm: 0
- Housing: +4
- Human Services: 0
- Access: 0
- TOTAL EFFECT: +8

In summary, the assessment demonstrates that overall, the proposed rural landshare community is expected to generate a strong net positive social outcome within the region, supporting a range of positive benefits, particularly in terms of community networks and housing supply/diversity/affordability.